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UPI BIDDER FACES QUESTIONS ABOUT INTELLIGENCE SERVICE, SOUTH AFRICAN TIES  
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WASHINGTON

If his investor group succeeds in buying United Press International, Indiana industrialist Beurt SerVaas may have to explain to the news industry his World War II intelligence service or allegations he had ties to South Africa.

SerVaas, a conservative Republican who with his wife Cory-Jane revived the Saturday Evening Post, also has been criticized by some former employees for paying low wages and for keeping a tight rein on editorial content.

His company, the Curtis Publishing Co., mainly consisting of manufacturing concerns, has been a defendant in numerous suits aimed at collecting unpaid bills, according to Securities and Exchange Commission records.

SerVaas, who does not disguise his anger at the criticisms, says he left the CIA nearly 40 years ago. He dismisses as lacking "any evidence, any proof, any corroboration" published reports that he invested in a South African newspaper operating as a government front, but acknowledges he considered it.

SerVaas boasts that he has withstood years of public scrutiny as president of the Indianapolis city-county council and chairman of the state's commission for higher education.

"I have had to live a crystal-clear life for all my life," he said in a series of interviews. "People have always been curious about every facet of my life. Everything I have is a public record. They've (newspaper reporters) investigated me within an inch of my life."

However, he declined to answer in detail some questions about his background.

SerVaas is president of UPI Acquisition Group, Inc., which recently offered \$21 million cash to buy the 78-year-old wire service from Chapter 11 bankruptcy protection. He has not identified his partner or partners and says he will only if the bid, which also includes a pledge of \$20 million in working capital over five years, is selected.

Sources familiar with UPI's sale process said SerVaas's group is a leading contender to buy the company.

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SerVaas, 66, said he has been haunted by unfair allegations and "innuendos" of CIA ties. During World War II he was a naval officer with the American Intelligence Command, later renamed the Office of Strategic Services and, ultimately, the CIA.

He said that when it became the CIA he was in China, assisting Gen. George Marshall in negotiating an agreement with the communists and nationalists.

"When I came back (to the United States), there was little sentiment and no money for intelligence activities," SerVaas said. "I left the agency and never went back."

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SerVaas's resume makes no mention of his activities between 1946 and 1962, when he apparently mostly was in business for himself.

In 1966, while studying at the Indiana University School of Medicine, SerVaas became an owner of International Investigators, Inc., an Indianapolis-based private investigative agency.

SerVaas described the firm as a "little investigative service" run by four former FBI employees, some of whom he met in the naval reserve. He said "they ran short on money," and he loaned them \$25,000 to \$30,000 in return for stock in the firm. the firm's investigations and sold his stock within 60 days.

Former CIA Director Richard Helms, called SerVaas's "close friend over many years" in a 1979 article in the Columbia Journalism Review, said he worked with SerVaas on the Indianapolis Times between 1937 and 1941 but believes he has "not laid eyes on Beurt SerVaas since."

Helms called it "ridiculous" to even suggest the CIA, through a former operative, would be interested in acquiring UPI.

"If it ever came up in the Congress, there'd be such a rocking scandal they'd (the CIA) never survive it," he said.

Helms was asked about the possibility a purchaser with any CIA involvement might hurt UPI's ability to market its report in Third World countries.

"The answer is, don't sell it to anybody who had any CIA connections," Helms said. "It's that simple." ---

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